

VI United States Safeguard Investigations regarding Imports from Canada: Case Histories, 1982-1999

I Certain Specialty Steel (Stainless Steel and Alloy Tool Steel)

On December 9, 1982, the ITC initiated a safeguard investigation under section 202 of the Trade Act of 1974, to determine whether specialty steel products were being imported into the United States in such increased quantities as to be a substantial cause of serious injury or threat thereof to the domestic industry producing a like or directly competitive product.

In May 1983, the ITC determined that numerous categories of stainless steel and certain alloy tool steel products were being imported into the United States in such increased quantities as to be a substantial cause of serious injury or threat thereof to industries producing like or directly competitive products. For purposes of comparison, domestic producers were divided into four separate industries: stainless steel sheet and strip; stainless steel plate; stainless steel bar and wire rod; and alloy tool steel.

In either actual or relative terms, the ITC found increases in all categories of imports, and dramatic increases for two particular products. During the period from 1978 to 1982, there were increasing imports as the market share of domestic production in each of the four stainless steel and alloy tool steel product groups fell. This finding satisfied the increasing imports requirement of section 201.

Next, the ITC went on to determine whether there was injury to U.S. producers. The ITC looked at various factors relevant to each of the four industry groups.

In the case of stainless steel sheet and strip, during the period of review (1978-1982) overall production had decreased significantly, from 694,000 to 507,000 short tons. Capacity had increased slightly during the period, but capacity utilization had fallen from 72.8% in 1978 to 46.2% in 1982. Shipments, employment and worker hours showed decreases. Financial indicators showed that many producers earned lower profits and that some were operating at losses by the end of the period under review.